



2005 SEP -6 AM 9:39

August 29, 2005

Honorable Donald E. Powell
Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Mr. John F. Carter
Regional Director
Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

**Re: Comments Regarding FDIC Application #20051977; Wal-Mart
Application for Insurance and Industrial Bank Charter**

Dear Chairman Powell and Mr. Carter:

I am writing on behalf of First National Bank, Fairfield, Texas and the citizens of Fairfield, Freestone County, Texas to comment on the Wal-Mart Stores, Inc. application for a Utah industrial bank or industrial loan company charter (ILC) and federal deposit insurance. First National Bank opposes the application and urges the FDIC to deny the application. We further request the FDIC to conduct a public hearing on the application and the serious public policy issues it raises.

The Wal-Mart application represents a prime example of the dangers of concentration of resources and impaired credit availability that flow from allowing a commercial company such as Wal-Mart to own a bank or ILC. In Wal-Mart's particular case, these dangers are amplified because of the company's enormous size, market clout and role in destroying the economic vitality of many small town centers.

Consumers and households, likewise, will be ill-served by a Wal-Mart bank. If the past is prologue, local banks, just like local retailers in towns where Wal-Mart has located,

906 N. Buffalo Avenue (Hwy. 75)
Buffalo, Texas 75831
(903) 322-8800 • Fax (903) 322-9158

101 N. Mount Street • P.O. Box 900
Fairfield, Texas 75840
(903) 389-4111 • Fax (903) 389-7018
Internet: www.fnbfairfield.com E-mail: fnbf@fnbfairfield.com

548 FM 416
Streetman, Texas 75859
(903) 599-2265 • Fax (903) 599-6315

number of financial services providers shrinks, and as the products become more commoditized.

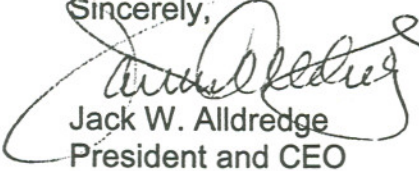
A Wal-Mart owned bank will not be able to look at other factors beyond a consumer's credit score to understand the customer's individual circumstances and cannot make the customer a loan based on a long-standing relationship and personal knowledge of the customer—something community banks do every day.

Moreover, there is the danger that Wal-Mart will export deposits out of the local community. This has been the current pattern of the large retailer when it establishes itself in a local community. The retailer's deposits do not stay with local banks, but rather are transferred to the store's central headquarters. This pattern in the past has had a devastating effect on local communities as retail dollars spent in the community are exported elsewhere and do not remain in the community to support local lending and economic development.

The Wal-Mart application also illustrates that the affiliation of banks and non-banking companies presents conflicts of interest and safety and soundness concerns. Federal Reserve Chairman Alan Greenspan has repeatedly argued that the mixing of banking and commerce presents safety and soundness concerns and poses the specter that the federal safety net protecting depositors of insured institutions will spread to non-depository affiliates, thereby introducing additional risks to the deposit insurance funds and the taxpayers.

For the reasons stated herein and in the Sound Banking Coalition's August 17, 2005 letter, I urge the FDIC to reject Wal-Mart's application for federal deposit insurance for a Wal-Mart ILC. The application presents serious public policy issues inherent in the mixing of banking and commerce and in the ILC loophole and warrants a public hearing to allow adequate public comment. The issues presented—conflicts of interest, economic concentration, lack of impartial credit decisions, inadequate holding company supervision, and inappropriate extension of the federal safety net—are amplified by Wal-Mart's size and market clout. The threat of community disinvestment is particularly acute in this case because of Wal-Mart's track record and destructive economic impact in hundreds of communities across the United States. Our nation's longstanding principle of separation of banking and commerce, reaffirmed in the Gramm-Leach-Bliley Act, is the underpinning for our stable and highly successful economic and financial system, and should not be allowed to be skirted by the world's largest commercial company.

Sincerely,



Jack W. Alldredge
President and CEO